

CITY OF BURLINGTON

Water Resources Division

Rate & Affordability Project
TEUC

January 26, 2021

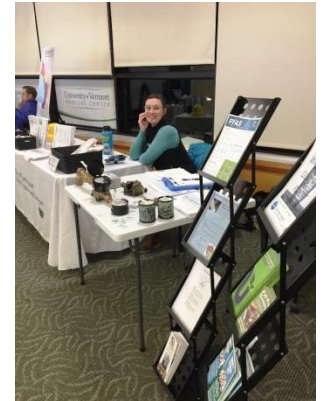


Rates & Affordability Refresher: Who, What, When, Where & Why

- April 2019 – City Council directs Water Resources to evaluate affordability, alternate rate structures, and alternate revenue sources
- Fall 2019 – Hosted open house to gather stakeholder input and embarked on the initial NPA tour
- Studied rate options keeping three objectives in mind: 1) ensure affordability of rates, 2) improve financial health & sustainability, along with revenue stability and 3) ensure rates are recouping the cost of service provided in an equitable manner
- March 2020 – Developed rate, fees and assistance program recommendations, presented to City Council
- Postponed final outreach, approvals & implementation due to uncertainties associated with COVID-19
- January 2021 – Rebooted project, presented to Board of Finance and beginning to restart stakeholder engagement & outreach

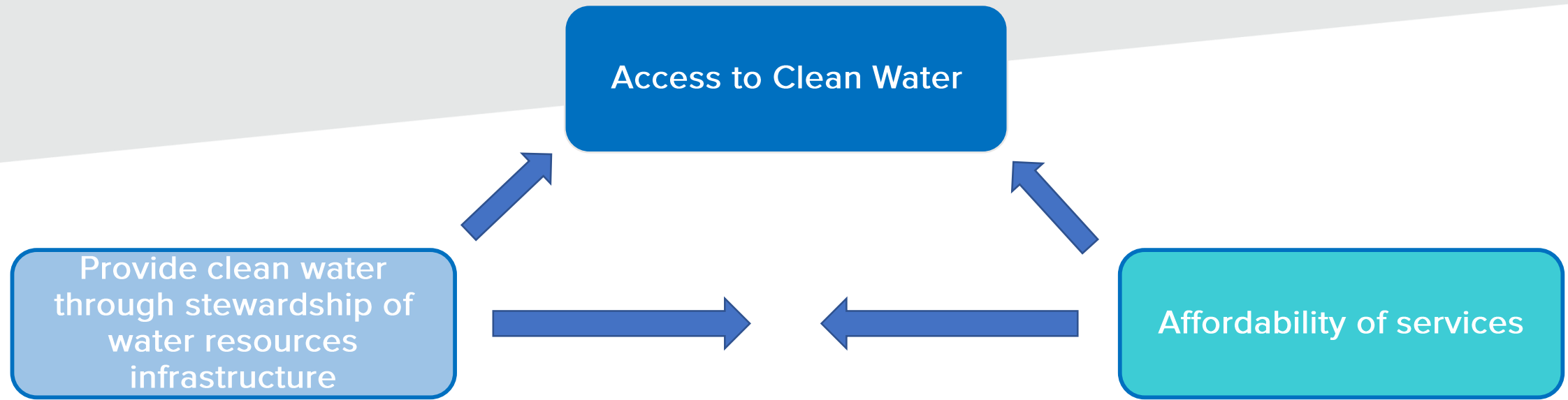


Open house on 10/30/19



Ward 1 & 8 NPA meeting on 11/13/19

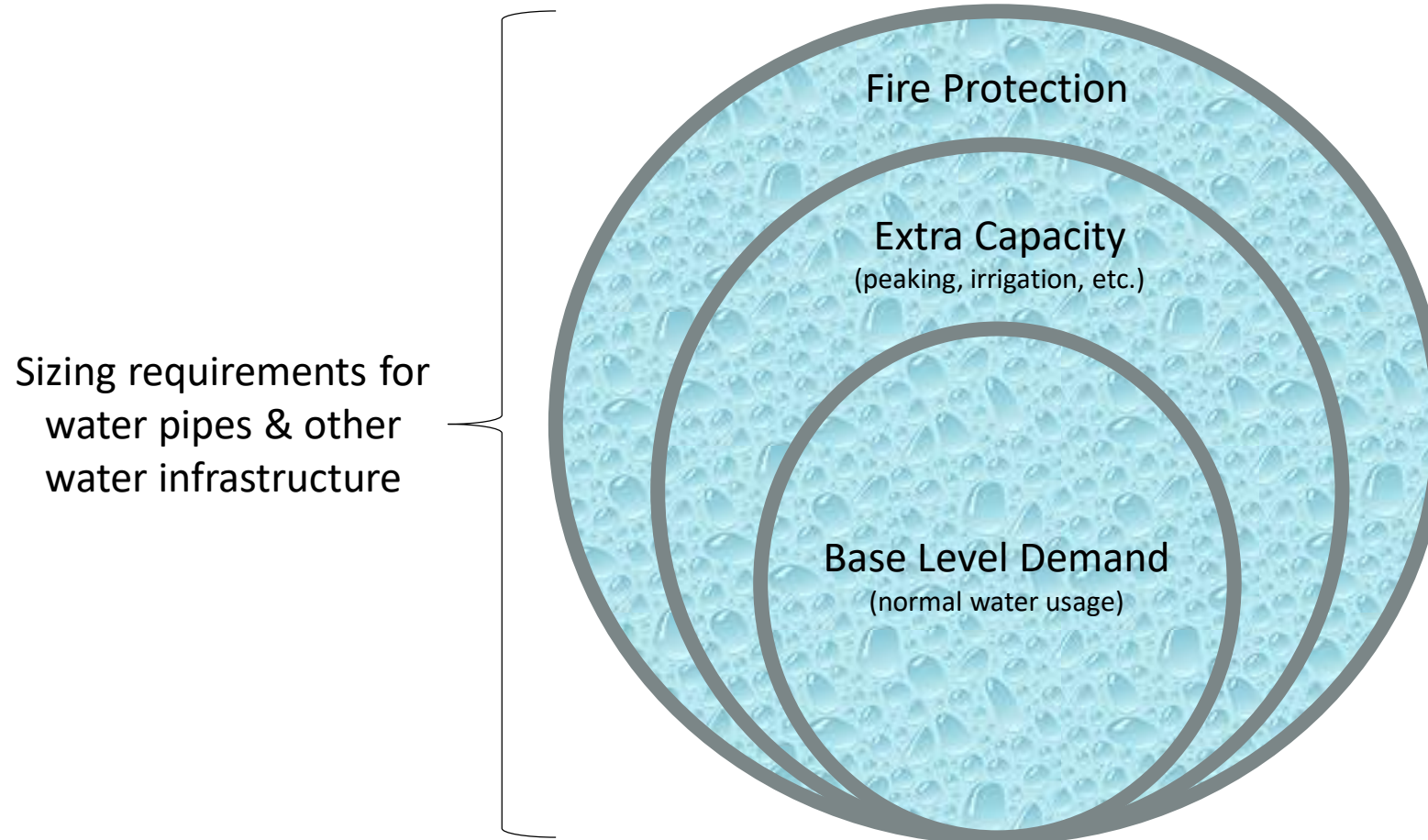
Crossroads: Our Core Values & Existing Rate Structure



Sustainable funding is crucial to ensuring **access to clean water** because we need money to take care of the infrastructure that produces and delivers clean, safe drinking water and collects, treats and manages wastewater and stormwater before it drains to our rivers and the lake. However, when utility costs are not **affordable** then rate payers may not have equal access to the essential amount of water needed to live.

Costs of Providing Water Service

Why serving certain customer classes costs more...



Proposed Rate & Policy Changes

Proposed Modification from Spring 2020

Rate Proposals	What is it?	Why do it?
Fixed Charges by Meter Size	A water and wastewater fixed charge that increases based on the size of the customer's water meter	<ul style="list-style-type: none"> • Is industry best practice – reflects cost of service • Improves revenue stability and predictability • Encouraged by bond rating agencies + Reduction in fixed fee charge
Lifeline Rate Tier	"Essential" water consumption (below median usage) is charged at a lower rate, only applicable to single-family residential account holders	<ul style="list-style-type: none"> • Provides affordability assistance for customers that use "typical" amount of water (400 CF/month) • Incentivizes efficient water use
Class-Based Rates	Different rates for different classes of customers	<ul style="list-style-type: none"> • Supports all residential customers (single & multi-family) • Can justify the strains each customer type puts on the utility's infrastructure + For now, commercial properties will be charged the same rate as multifamily
Irrigation Rate	A separate, higher rate for those who solely use water for irrigation (with the exception of community gardening initiatives)	<ul style="list-style-type: none"> • Irrigation often contributes to peak water use, which necessitates system expansion and associated costs • Sends price signal to conserve water when use is not for basic needs
Private Fire Protection Charges	A separate, fixed, monthly charge that escalates with connection size for those who have private fire service or hydrants	<ul style="list-style-type: none"> • Water Resources has invested in system capacity to serve private properties during a fire event, thus the customers who benefit from this service should pay for that capacity + Phase in fee over 5 years
Water Resources Assistance Program (WRAP)	An affordability program that waives the proposed fixed monthly water and wastewater charge for residential customers at or below 185% of the Federal Poverty Level.	<ul style="list-style-type: none"> • Provides relief to low-income single-family residential customers • Allows greater ability to control their bill (no fixed charge) + Include non-profit affordable or senior housing developments and senior owned single family homes as WRAP eligible



Current & Proposed Rates

	Water		Wastewater		Private Fire
	Current FY 21	Proposed	Current FY 21	Proposed	Proposed
<u>Fixed Charge per Month</u>					
5/8"	\$0.00	\$3.34	\$0.00	\$4.68	\$6.70
3/4"	\$0.00	\$5.02	\$0.00	\$7.02	\$6.70
1"	\$22.73	\$8.36	\$31.67	\$11.71	\$6.70
1.5"	\$45.51	\$16.72	\$63.39	\$23.42	\$6.70
2"	\$72.68	\$26.75	\$101.23	\$37.46	\$6.70
3"	\$145.30	\$50.16	\$202.40	\$70.25	\$6.70
4"	\$248.25	\$83.60	\$345.80	\$117.08	\$6.70
6"	\$454.06	\$167.21	\$632.48	\$234.15	\$19.47
8"	\$1,044.35	\$267.53	\$1,454.73	\$374.64	\$41.49
10"	N/A	N/A	N/A	N/A	\$74.61
Private Fire Hydrant	-	-	-	-	\$19.47
<u>Volumetric Rate (per 100 CF)</u>					
Single-family Residential	\$4.44	-	\$6.20	-	
Tier 1 (0-400 CF)	-	\$2.49	-	\$6.08	N/A
Tier 2 (401 CF and higher)	-	\$6.23	-	\$6.08	N/A
Duplex	\$4.44	\$4.36	\$6.20	\$6.08	N/A
Triplex	\$4.44	\$4.36	\$6.20	\$6.08	N/A
Multi-Family Residential	\$4.44	\$4.36	\$6.20	\$6.08	N/A
Mixed Residential & Commercial	\$4.44	\$4.36	\$6.20	\$6.08	N/A
Commercial	\$4.44	\$4.36	\$6.20	\$6.08	N/A
City	\$4.44	\$4.36	\$6.20	\$6.08	N/A
Irrigation/Heating/Cooling	\$4.53	\$7.48	\$6.20	\$6.08	N/A

Snapshot of Possible Customer Impacts

Hypothetical Customer Type	FY 2021	FY 2022 Proposed		
	Bill (\$)	Bill (\$)	\$ Change	% Change
Residential				
Low Volume - 200 CF	\$343	\$396	\$ 52	15.2%
WRAP - Low Volume - 200 CF	\$343	\$299	\$ (44)	-12.8%
Median Volume - 400 CF	\$608	\$609	\$ 1	0.2%
WRAP - Median Volume - 400 CF	\$608	\$512	\$ (95)	-15.7%
High Volume - 600 CF	\$872	\$915	\$ 42	4.9%
WRAP - High Volume - 600 CF	\$872	\$818	\$ (54)	-6.2%
Multi-Family Residential				
Low Income Housing	\$23,646	\$24,905	\$ 1,259	5.3%
Senior Housing	\$39,239	\$38,841	\$ (398)	-1.0%
Commercial				
Technology Company	\$17,550	\$19,958	\$ 2,408	13.7%
Retail Company	\$27,313	\$28,495	\$ 1,181	4.3%
Institutions				
University	\$1,685,024	\$1,803,468	\$ 118,445	7.0%
Medical Center	\$718,016	\$745,075	\$ 27,060	3.8%
School District	\$114,845	\$123,299	\$ 8,454	7.4%



Caveat! These are estimated customer bills based on CY19 customer class trends (Pre-Covid).

Actual bills will vary based on water consumption.

Meter size, private fire service size and # of private hydrants affects bills.

Includes a 5% increase to stormwater for all customers.

Customers should complete an “Account impact summary request form” to understand the impact to their specific bill(s).

Customer Impacts of New Rate Structure

Who will see lower bills?	Opportunities to further lower Bills
Low income or senior customers who are eligible and sign up for WRAP discount will see reduced bills because of the fixed meter charge waiver.	Customers can further shrink their bill by implementing water conservation practices to reduce consumption above the Tier 1 level (i.e., 400 CF).
Single family residential customers with typical consumption will see little or no increase in the water and wastewater portion of their bills because of the lifeline rate.	All single family residential customers can implement water conservation practices to reduce consumption above the Tier 1 level (i.e., 400 CF).
Who will see increases on their bills?	Opportunities to mitigate bill increases
All properties with private fire services or hydrants will see increased bills because of the fixed charge per protective infrastructure.	Customers can remit updated information about their fire protection infrastructure for validation against existing records.
Irrigation customers will see increased bills because of the fixed meter charge and rate.	Customers can decide whether to retain their irrigation system or explore removal.
Customers with large meters but low usage will see increased bills because the minimum allowance has been eliminated.	Customers can request an evaluation of whether their existing meter(s) can be reduced in size.
Customers with vacant homes or very low usage will see increased bills because of the fixed meter charge.	Customers can decide whether to have their meter removed and water shut off during an extended period of vacancy.

Water Resources Assistance Program (WRAP)

Proposed Assistance Program: Rate Assistance

Rate Assistance Goals	Provide meaningful financial relief to low income or fixed income seniors living in single family residential homes, along with providing relief to non-profit affordable or senior living housing developments.
	Limit administrative burden on Water Resources to implement and maintain program by leveraging existing programs that verify income or non profit housing status. Explore developing an expansion plan to include other residential property types or low income metrics.
Rate Assistance Details	Waive the monthly fixed charge on both water & wastewater for eligible properties.
	Households must be living at or below 185% of the Federal Poverty Level; or demonstrate owner is 65 years old or older.
	Eligible residents will need to apply and provide proof of age or enrollment in an existing State or Federal benefit program (e.g., Lifeline, 3SquaresVT, Crisis Fuel, SSI, Reach Up, etc.) to be qualified for one year waiver.



FUTURE Assistance Programs

Infrastructure Assistance	Make grant funding available to all residential rate payers for condition assessments of sewer laterals.
	Make low interest (or no interest) loans available to all residential rate payers to replace failing water services or sewer laterals.
Conservation Assistance	Provide efficiency rebates for low flow toilets and energy star appliances. Provide real time water usage data.
	Provide free tools (e.g., rain barrels) to implement improved stormwater management practices.

Website:

<https://www.burlingtonvt.gov/DPW/Water/AffordabilityProject>

Next Steps

❑ Outreach (January-March 2021)

- Attend NPAs, DPW Commission & TEUC
- Targeted notification to customers with fire services, hydrants & irrigation meters
- Meet with key community partners and other large users
- Host open house public meeting for all rate payers
- Maintain a robust online presence where customers can review all presentations to date, provide feedback via web forms and request an estimated account impact summary.

❑ Continuous Improvement (March 2021-July 2021)

- Incorporate feedback from all stakeholders
- Review, validate and respond to impact summary requests
- Ongoing QA/QC with data and required updates to billing system
- Draft WRAP policy and any needed ordinance changes

❑ Approvals (April 2021-June 2021)

- City Council approval of rate & fee structure changes including WRAP
- City Council approval of budgets & rates for FY 22

❑ Implementation (July 2021-August 2021)

- Changes will be effective beginning July 2021 and reflected on August bills
- Additional round of outreach to all customers in advance of August bills

